UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/1997/43
24 April 1997

ORIGINAL: ENGLISH

Substantive session of 1997
Geneva, 30 June-25 July 1997
Item 10 of the provisional agenda*

REGIONAL COOPERATION IN THE ECONOMIC, SOCIAL AND RELATED FIELDS

Summary of the economic survey of Latin America and the Caribbean, 1996

EXECUTIVE SUMMARY

The dominant feature of the Latin American and Caribbean economic panorama in 1996 was the re-emergence of the pattern of modest growth, accompanied by price stability that had characterized the region's economy during the 1900s until the Mexican financial crisis erupted at the end of 1994. An important development in this panorama was the gradual recovery of the Mexican and Argentine economies. The average growth rate in gross domestic product (GDP) for the region as a whole will be around 3.4 per cent (1.7 per cent per capita), with average inflation dropping below 20 per cent. Growth was spurred by a continued expansion of exports and aided by improved access to external financing. Capital inflows should, in fact, more than offset the current account deficit (2 per cent of regional GDP).

The recovery in output occurred in an international economic context that was somewhat less favourable than in recent years. World growth continued at a steady pace. Price trends for commodities especially important to Latin America and the Caribbean were uneven. Prices for many metals and for coffee declined, although grain prices rose and petroleum prices were higher than in recent years. Thus, although the terms of trade for the region as a whole did not change with respect to 1995, they improved significantly for only three countries, while declining for the majority.

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Whereas the regional economic pattern in 1995 was one of great divergence - since the Mexican and Argentine economies contracted while others continued their previous expansions - in 1996 there was greater convergence. On the one hand, Mexico and Argentina returned to positive growth rates. On the other hand, several countries in the region saw their economies slow somewhat in 1996, as a result of policies designed to moderate inflation, as in Brazil, Chile, Colombia and Costa Rica, or to prevent balance-of-payments problems, as in Peru. In consequence, most of the countries experienced growth of between 3 per cent and 5 per cent. Only six had rates above that range, while GDP was flat in two countries (Costa Rica and Jamaica); two others (Antigua and Barbuda and Venezuela) experienced economic contraction.

Exports were the dominant factor in stimulating economic growth for the region as a whole, with export volume rising nearly three times as fast as GDP. Among the components of domestic demand, consumption appears to have risen faster than investment for the region as a whole, although the latter resumed its positive evolution after the previous year's decline.

Despite improving trends in economic growth, employment did not follow suit. On the contrary, urban unemployment in 1996 reached its highest rate for the decade. The regional situation was greatly influenced by the fact that employment generation in Argentina and Mexico lagged behind the recovery of economic activity, while other countries with relatively favourable employment trends in previous years encountered difficulties in 1996 (Brazil and Colombia). Only a few countries maintained a declining unemployment rate (Chile and Peru).

Inflation continued to decline in 1996. The average regional inflation rate dropped from 888 per cent in 1993 to 337 per cent in 1994, 26 per cent in 1995, and 20 per cent in 1996, its lowest level since the early 1970s. Moreover, many countries achieved or came close to achieving single-digit inflation. In the case of Argentina, prices did not rise. At the other extreme, in Venezuela inflation briefly reached three digits, Brazil and Mexico made especially significant improvements in their price trajectories.

Stabilization continued to be a priority for most Governments in the region, with fiscal and monetary policies as their principal instruments. Chile again posted a fiscal surplus, while the Dominican Republic, Mexico, Panama, Paraguay and Peru achieved fiscal balance. While Venezuela managed to eliminate its large deficit entirely, four countries (Argentina, Colombia, Ecuador and El Salvador) saw significant deterioration in their fiscal accounts. Although the fiscal situation in Brazil and Costa Rica did not significantly worsen, it remained worrisome.

An austere monetary policy was central to stabilization efforts. High interest rates were frequently used to restrain aggregate demand and limit the expansive impact of accumulating reserves on spending. Appreciation of the exchange rate also helped reduce inflation; this occurred in 11 countries in the region; only five registered real devaluations. While appreciating exchange rates helped control inflation, they also contributed to trade problems in a number of cases.

Regional merchandise exports in 1996 increased by 11 per cent over those of 1995. Apart from the oil-exporting countries, the best export performers were the countries that managed to compensate for unfavourable price trends with large increases in volume sold. Merchandise imports in 1996 increased by 10.6 per cent. The most notable contributions to import came from Argentina and Mexico, where imports had fallen substantially in 1995 because of economic contraction.

Trade between Latin American and Caribbean countries continued to be important, although it lost some of the impetus it had shown in previous years. Of the regional integration groups for which data are available, only in the case of MERCOSUR did trade among member countries grow faster than trade as a whole.

The region's current account deficit remained more or less stable at US$ 32.5 billion. Argentina and Brazil experienced large increases in their deficits; Mexico and Panama suffered smaller increases, while Chile moved from surplus to deficit. Peru, by contrast, achieved a significant reduction in its deficit; Ecuador moved from deficit to surplus, and Venezuela greatly expanded its surplus.

Current account deficits were financed by large capital inflows. Indeed, one of the most significant trends in 1996 was the consolidation of access by most Latin American countries to international financial markets, access which had been partially interrupted by the Mexican financial crisis. Another important trend was the change in the composition of capital flows, which were more heavily concentrated in direct investment and in medium- and long-term debt instruments.

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 13	5
I. ECONOMIC POLICY	14 - 22	7
II. ECONOMIC ACTIVITY	23 - 28	9
III. INFLATION	29 - 32	11
IV. EMPLOYMENT AND WAGES	33 - 35	11
V. THE EXTERNAL SECTOR	36 - 58	12
A. Foreign trade and the terms of trade	36 - 50	12
B. The current account and external financing	51 - 58	15

INTRODUCTION

1. The dominant feature of the Latin American and Caribbean economic panorama in 1996 was the re-emergence of the pattern of modest growth accompanied by price stability that had characterized the region's economy during the 1990s until the Mexican financial crisis erupted at the end of 1994. An important development in this panorama was the gradual recovery of the Mexican and Argentine economies. The average growth rate in gross domestic product (GDP) for the region as a whole will be around 3.4 per cent (1.7 per cent per capita), with average inflation dropping below 20 per cent and price rises in more than half the countries in the region at or near single-digit levels. Growth was spurred by a continued expansion of exports and aided by improved access to external financing. Capital inflows of some US$ 50 billion should, in fact, more than offset the current account deficit (2 per cent of regional GDP) and result in a substantial accumulation of reserves. On the other hand, unemployment was higher than in 1995, suggesting that the patterns of growth characterized by inequality persisted in 1996.

2. The recovery in output occurred in an international economic context that was somewhat less favourable than in recent years. While world growth continued at a steady pace, world trade decelerated from its exceptional volume growth rate of 8 per cent in 1995 to 5 per cent in 1996. Moreover, price trends for commodities especially important to Latin America and the Caribbean were uneven. For example, prices for many metals and for coffee declined, although grain prices rose. Petroleum prices were higher than in recent years, benefiting exporters but causing problems for importers. Thus, although the terms of trade for the region as a whole did not change with respect to 1995, they improved significantly for only three countries, while declining for the majority.

3. Whereas the regional economic pattern in 1995 was one of great divergence - since the Mexican and Argentine economies contracted while others continued their previous expansions - in 1996 there was greater convergence. On the one hand, Mexico and Argentina returned to positive growth rates. On the other hand, several countries in the region saw their economies slow somewhat in 1996, as a result of policies designed to moderate inflation, as in Brazil, Chile, Colombia and Costa Rica, or to prevent balance-of-payments problems, as in Peru. In consequence, most of the countries experienced growth of between 3 per cent and 5 per cent. Only six had rates above that range; of those, only Chile and Guyana were continuing a pattern of sustained growth. GDP was flat in two countries (Costa Rica and Jamaica); two others (Antigua and Barbuda and Venezuela) experienced economic contraction.

4. Exports were the dominant factor in stimulating economic growth for the region as a whole, with export volume rising nearly three times as fast as GDP. Exports were a primary factor in the Mexican recovery and compensated for slack domestic demand in a number of countries, including Colombia, Peru, Venezuela and much of Central America. Among the components of domestic demand, consumption appears to have risen faster than investment for the region as a whole, although the latter resumed its positive evolution after the previous year's decline. Despite improving trends in economic growth, employment did not follow suit. On the contrary, urban unemployment in 1996 reached its highest

rate for the decade. The regional situation was greatly influenced by the fact that employment generation in Argentina and Mexico lagged behind the recovery of economic activity, while other countries with relatively favourable employment trends in previous years encountered difficulties in 1996 (Brazil and Colombia). Only a few countries maintained a declining unemployment rate (Chile and Peru). Salaries followed a more heterogeneous path, increasing in some countries, stagnating in others, and declining in yet others.

5. Inflation continued to decline in 1996. The average regional inflation rate dropped from 888 per cent in 1993 to 337 per cent in 1994, 26 per cent in 1995, and 20 per cent in 1996, its lowest level since the early 1970s. Moreover, many countries achieved or came close to achieving single-digit inflation. In the case of Argentina, prices did not rise. At the other extreme, in Venezuela inflation briefly reached three digits. Brazil and Mexico made especially significant improvements in their price trajectories.

6. Stabilization continued to be a priority for most Governments in the region, with fiscal and monetary policies as their principal instruments. Chile again posted a fiscal surplus, while the Dominican Republic, Mexico, Panama, Paraguay and Peru achieved fiscal balance. While Venezuela managed to eliminate its large deficit entirely, four countries (Argentina, Colombia, Ecuador and El Salvador) saw significant deterioration in their fiscal accounts. Although the fiscal situation in Brazil and Costa Rica did not significantly worsen, it remained worrisome.

7. An austere monetary policy was central to stabilization efforts. High interest rates were frequently used to restrain aggregate demand and limit the expansive impact of accumulating reserves on spending. Appreciation of the exchange rate also helped reduce inflation; this occurred in 11 countries in the region; only five registered real devaluations. While appreciating exchange rates helped control inflation, they also contributed to trade problems in a number of cases.

8. Regional merchandise exports reached $248 billion in 1996, an increase of 11 per cent over 1995. Apart from the oil-exporting countries, the best export performers were the countries that managed to compensate for unfavourable price trends with large increases in volume sold. This group included exporters of manufactured goods (such as Mexico), as well as Bolivia, Dominican Republic, Uruguay and some Central American countries.

9. Merchandise imports in 1996 exceeded $245 billion, an increase of 10.6 per cent, somewhat lower than the figure of 12.3 per cent in 1995. The most notable contributions to import value came from Argentina and Mexico, where imports had fallen substantially in 1995 because of economic contraction.

10. Trade between Latin American and Caribbean countries continued to be important, although it lost some of the impetus it had shown in previous years. Of the regional integration groups for which data are available, only in the case of the Southern Cone Common Market (MERCOSUR) did trade among member countries grow faster than trade as a whole. Since an increase in factor payments offset the decline in the trade deficit, the region's current account deficit remained more or less stable at $32.5 billion. Countries with large

increases in their deficits were Argentina and Brazil; Mexico and Panama suffered smaller increases, while Chile moved from surplus to deficit. Peru, by contrast, achieved a significant reduction in its deficit; Ecuador moved from deficit to surplus, and Venezuela greatly expanded its surplus.

11. Current account deficits were financed by large capital inflows. Indeed, one of the most significant trends in 1996 was the consolidation of access by most Latin American countries to international financial markets, access which had been partially interrupted by the Mexican financial crisis in 1994 and 1995. Another important trend was the change in the composition of capital flows, which were more heavily concentrated in direct investment and in medium- and long-term debt instruments.

12. Among the elements contributing to this favourable tendency were international financial assistance programmes to Mexico and Argentina in 1995, the exceptional development of international financial markets over the past 18 months, stable interest rates in the United States and low interest rates in Japan and Europe. These changes were reflected in higher-quality bond issues with longer maturities and narrower interest spreads. The heavy influx of foreign direct investment, which to 1993 resulted chiefly from privatization initiatives, in 1996 included a substantial fresh capital component. An increasing number of Latin American and Caribbean countries have begun to adopt policies designed to encourage flows of longer-term capital.

13. The influx of foreign direct investment has enabled Governments to depend less on short-term flows, and better bond terms have reduced the debt service burden in some of the region's larger economies.

I. ECONOMIC POLICY

14. The priority objective for nearly all the countries of Latin America and the Caribbean was to make headway in stabilizing their economies. To that end, they continued to apply prudent fiscal policies and tight monetary control. Ample scope for these policies was provided by the favourable international situation, which was characterized by low interest rates, sustained external demand and a ready supply of short- and long-term capital, flows of which recovered remarkably well only a few months after the upheaval in the region's financial markets. The main effect of good capital flows was to keep nominal exchange rates at levels consonant with domestic price expectations. In countries where there were signs of a slowdown in economic activity and more moderate inflation rates, policies to curb demand were relaxed. In others, a contraction in domestic demand reduced some of the pressure on the balance of payments.

15. In Chile, Guatemala, Mexico, Panama, Paraguay, Peru and the Dominican Republic, improvements in tax collection and tighter control over public spending enabled the authorities to balance the public accounts or achieve a surplus. There was a substantial improvement in Cuba, Haiti, Nicaragua and Venezuela, while the deficit remained practically unchanged in another four countries: Bolivia, Honduras and Uruguay (countries with a moderate deficit) and Costa Rica (whose deficit is somewhat larger). Although Brazil succeeded in

narrowing its deficit, the gap remained sizeable. The fiscal situation deteriorated in only four countries: Argentina, Colombia, Ecuador and El Salvador - although only Ecuador posted a deficit of more than 3 per cent. In sum, only three of the 19 countries under consideration posted public-sector financial deficits exceeding 3 per cent. Fiscal management, however, has become more procyclical - the correlation between income and activity levels has strengthened, while expenditure has tended to contract in recessionary situations - and demand in social areas has been curbed.

16. The quest for stabilization as a necessary condition for growth was also supported by monetary and foreign exchange policies that attempted to hold liquidity and exchange rates at levels compatible with a continuing reduction of inflation. As regards foreign exchange policy, the currencies of 11 countries of the region (Bolivia, Brazil, Chile, Colombia, Dominican Republic, El Salvador, Haiti, Mexico, Nicaragua, Paraguay and Peru) appreciated in varying degrees. This was the result of sizeable inflows of external short- and long-term capital and, in most cases, tight monetary policies. A further three countries (Costa Rica, Guatemala and Panama) held their real exchange rates stable, and only in five countries (Argentina, Uruguay, Ecuador, Honduras and Venezuela) was there a real currency devaluation. In Argentina and Uruguay, the rise in the real effective exchange rate was due to the devaluation of their respective currencies against the Brazilian _real_; and Venezuela's devaluation was substantial in relation to the preceding year's sharp appreciation.

17. Generally speaking, monetary policy set liquidity expansion targets consistent with declining inflation. Whenever monetary expansion showed signs of overshooting these targets, the excess was soaked up through open-market operations, which frequently set up a dichotomy between stabilization and growth. In some countries where economic activity slowed, the authorities opted to relax their monetary policy in order to concentrate on growth.

18. The solvency problems that affected banking systems in a number of countries the year before left traces that have still not been erased. In most cases, uncertainty has been alleviated by substantial assistance from the public sector to bail out some of the banks concerned; the swap of overdue loan portfolios for government securities, however, has involved a fiscal or quasi-fiscal outlay that continues to exert pressure on fiscal accounts and interest rates. This problem is aggravated in cases where activity levels are not sufficient to provide an escape from insolvency for productive agents, whose credit arrears are worrisomely high.

19. Against this background, inflation fell in nearly all the countries. The growth rate, on the other hand, remained moderate and unemployment skyrocketed. In many parts of the region, with the possible exception of Chile, economic policy is being forced into uncomfortable choices among conflicting objectives, such as fiscal balance, employment, inflation, debt, domestic saving and relative prices. The only way to reconcile these objectives would appear to be to secure a steady trajectory of growth, with sufficient consumption to foster, but not outstrip, that growth. An international context favourable to the region would help greatly in achieving this aim.

20. With a few exceptions, during 1996 the countries of Latin America and the Caribbean made only minor adjustments to their trade policies. There was an increase in restrictions, which counteracted (if only temporarily) the opening of the economies initiated several years earlier. This was particularly true in Guatemala, which implemented a number of measures of a protectionist nature. Guatemala invoked the safeguard clause in levying special tariffs on Mexican cement. A similar measure was applied to poultry products. In addition, plans went ahead to reduce tariffs on inputs, raw materials and capital goods used by industry and to lower by 1 per cent the tariff applied to finished products; the result was to raise effective protection for all branches of industry.

21. In 1996, the Latin American countries continued to push ahead with structural reforms, but the pace was slower than in previous years. Rather, the emphasis was on implementing reforms that had already been defined, such as the start-up of new social security systems based on capitalization of contributions and the sale of a number of State-owned enterprises.

22. The integration process continued to make headway in 1996, though varying progress was made by the region's four customs unions, each of which is at a different stage of development; common external tariffs determine the tariff policies of the great majority of the countries of the region. The number of preferential and free trade agreements continued to increase, and various initiatives were set in motion that could result in multilateral convergence of the different integration agreements. Thus, the model of ope.. regionalism appears to have firmly taken root in the region.

II. ECONOMIC ACTIVITY

23. The gross domestic product (GDP) of Latin America and the Caribbean expanded by 3.4 per cent in 1996, following a lacklustre performance the year before, and in so doing resumed its former moderate growth trend. As a result, per capita GDP climbed by 1.7 per cent, which was somewhat higher than the average annual rate registered since the start of the decade. This upward trend notwithstanding, the region's GDP was only 34 per cent greater in 1996 than it had been in 1980 (before the onset of the debt crisis), and per capita GDP was 1 per cent lower. The region's stronger showing in 1996 was chiefly attributable to an upturn in economic activity in Argentina, Mexico and Uruguay. More robust growth in Barbados, the Dominican Republic, Guyana and Nicaragua was also a contributing factor, as was the swift pace of economic expansion in Chile, even though it was somewhat slower than the year before. Trends in Bolivia and Honduras were much the same as in 1995, with both countries posting growth rates quite close to the regional average. Another 11 countries witnessed a decline in their economies' growth rates, however. The downturn was especially marked in Peru, whose rate of expansion dropped by over five percentage points (see table 2).

24. Argentina and Mexico both began to make a comeback as the strong negative impacts of the financial crisis of December 1994 dissipated; that crisis, which had been unleashed by the steep devaluation of the Mexican peso, had caused Mexico's external capital inflows to reverse direction, and the after-effects of that turnabout had been felt in Argentina. In 1996, however, external capital

began to flow into both of these countries once again, thus helping to ease their external constraints. After a slump in 1995 that was mainly an outgrowth of Argentina's recession, Uruguay's economic reactivation started to take hold as its neighbour's economy began to recover.

25. In contrast, the weaker performances turned in by a large group of countries were due entirely to the adjustment policies which they had implemented either when their economies began to overheat (e.g., Brazil, Chile, Colombia, El Salvador, Guatemala and Peru) or in response to major macroeconomic disequilibria, as in the case of, again, Brazil, as well as Costa Rica and Venezuela - all of which were striving to deal with hefty fiscal deficits - and, to a lesser extent, Ecuador. The decline in Paraguay's growth rate, on the other hand, was accounted for by the banking crisis in that country.

26. Seven of the economies included in table 2 (Barbados, Chile, Cuba, Dominican Republic, Guyana, Nicaragua and Saint Lucia) expanded at a rate of over 5 per cent. Another 13 (Argentina, Bolivia, Belize, Brazil, Colombia, El Salvador, Grenada, Guatemala, Honduras, Mexico, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay) recorded increases of between 3 per cent and 5 per cent, which would seem to point to some degree of convergence as regards the pace of growth in the region's economies. Five others (Ecuador, Haiti, Panama, Paraguay and Peru) had a growth rate of 2 per cent, while GDP was flat in two countries (Costa Rica and Jamaica) and shrank in Venezuela and in Antigua and Barbuda.

27. Despite the still high population growth rates in many of the countries, most of them boasted gains in per capita GDP (see table 3). In seven countries - Barbados, Chile, Cuba, Dominican Republic, Guyana, Saint Lucia and Uruguay - this indicator of well-being climbed by over 4 per cent; in another 10 - Argentina, Bolivia, Brazil, Colombia, El Salvador, Grenada, Mexico, Nicaragua, Saint Vincent and the Grenadines, and Trinidad and Tobago - it rose by between 1 per cent and slightly under 3 per cent; and in five others - Belize, Guatemala, Honduras, Panama and Peru - it showed a slight advance. In the remaining seven countries (Antigua and Barbuda, Costa Rica, Ecuador, Haiti, Jamaica, Paraguay and Venezuela), per capita GDP lost ground.

28. Nevertheless, as a result of the poor showing of the Latin American and Caribbean economies in the preceding decade, only nine countries had a substantially higher per capita GDP in 1996 than they had in 1980: Saint Kitts and Nevis (136 per cent), Saint Lucia (98 per cent), Saint Vincent and the Grenadines (93 per cent), Dominica (78 per cent), Antigua and Barbuda and Grenada (74 per cent), Chile (56 per cent), Colombia (36 per cent) and Belize (33 per cent). In another seven countries it was somewhat higher: Dominican Republic (17 per cent), Uruguay (14 per cent), Jamaica (13 per cent), Panama (10 per cent), Barbados (8 per cent), Guyana (7 per cent) and El Salvador (5 per cent). In Argentina, Brazil, Costa Rica and Paraguay, this indicator was in the range of 2-0 per cent above its level of the early 1980s, but the steepest decréases in per capita GDP were seen in Haiti (-40 per cent), Nicaragua (-34 per cent), Trinidad and Tobago (-30 per cent), Venezuela (-28 per cent), Peru (-13 per cent), Guatemala (-12 per cent), Bolivia (-10 per cent), Suriname (-8 per cent), Honduras (-5 per cent), Ecuador (-4 per cent) and Mexico (-1 per cent) (see table 3).

III. INFLATION

29. The regional inflation rate was somewhat lower in 1996. This decline - from 26 per cent in 1995 to less than 20 per cent in 1996 - marked a continuation of the downward trend that had begun in 1994 when the rate plummeted to 340 per cent from its 1993 level of 890 per cent. This outcome was fairly evenly distributed in 1996, since inflation was down in 10 of the 22 economies that were analysed, and the consumer price index held steady or rose only slightly in another 11. The only country to find itself in a worse position than before was Venezuela, where inflation soared to triple-digit levels (see table 4).

30. Inflation was negligible in three countries (Argentina, Barbados and Panama), in the single digits in another eight countries (Bolivia, Chile, the Dominican Republic, El Salvador, Guyana, Nicaragua, Paraguay, and Trinidad and Tobago) and ranged between 10 per cent and 12 per cent in three others (Brazil, Guatemala and Peru). Another eight countries (Colombia, Costa Rica, Ecuador, Haiti, Honduras, Jamaica, Mexico and Uruguay) registered price increases of between 15 per cent and 30 per cent. The marked reduction in the regional rate of inflation and the improved performance of the great majority of the countries were made possible by the stabilization programmes that many of them implemented in the late 1980s or early 1990s, with Brazil following suit in mid-1994. These stabilization efforts suffered some setbacks - as occurred in Mexico in 1995 and Venezuela in 1993 - but even in these cases, inflation subsided once the countries in question had set strict adjustment plans into motion.

31. The considerable drop seen in Brazil's inflation rate since the second half of 1994 marked the end of the last of the near-hyperinflationary episodes experienced in the region during the 1980s and early 1990s. Bolivia's rate of price increases has been moderate since 1986, and Argentina has made a great deal of progress in curbing inflation since 1992; in fact, the rate of inflation in 1996 was nearly 0 per cent, which was an all-time record for that country and one of the lowest rates anywhere in the world at the time. Inflation edged up a bit in Peru, where great strides had been made in the preceding years in slashing the very high rates registered in 1988-1990. The annual inflation rate in Nicaragua has been falling steeply since 1992, reaching 9 per cent in 1996. These results stand out in stark contrast to the level of inflation up to 1991, which peaked at nearly 34,000 per cent in 1988.

32. Brazil has been very successful in combating inflation, driving down its rate of price increases from 2,500 per cent in 1993 to 930 per cent in 1994, to 22 per cent in 1995 and to just 10 per cent in the 12-month period ending in November 1996. The plan launched by the Government in July 1994 has now been in effect for 30 months, which is in itself an extraordinary achievement in view of the fate of all the other plans introduced since 1980.

IV. EMPLOYMENT AND WAGES

33. The moderate upturn in the region's growth rate did not bring any improvement in the labour situation. The unemployment rate for Latin America and the Caribbean had soared to critical proportions in various countries in

1995 and then rose yet again in 1996 (from 7.3 per cent to 7.7 per cent). This will mean that the unemployment rate for the region's urban areas will close out 1996 at its highest level so far this decade. This situation can be accounted for by the fact that the labour supply remained fairly stable whereas job creation was sluggish.

34. The region's overall performance in this area was mainly the outcome of three patterns of behaviour. First, there were countries that witnessed a serious deterioration in their labour situation in 1995 and were unable to make any significant improvement in that state of affairs in 1996. Secondly, there were a number of countries whose labour markets had performed fairly well up to 1996 but which ran into difficulties with regard to job creation during the year. Finally, there were a few countries that managed to sustain a downward trend in unemployment.

35. New job creation was concentrated in tertiary activities. The only large country in the region where industrial employment showed a substantial increase was Mexico, where it made up for the setback suffered by the sector the year before. The pace of job creation in the maquila industry was particularly notable. Despite an upswing in some formal activities, at the regional level the trend towards increasingly precarious forms of participation in the labour market persisted; this phenomenon can be ascribed both to the expansion of the more informal types of occupations and to the growing instability of many jobs within formal activities. Trends in real wages were mixed, with sizeable increases in some countries, stagnation in others and steep decreases in the rest.

V. THE EXTERNAL SECTOR

A. Foreign trade and the terms of trade

36. Merchandise exports from the region in 1996 exceeded $248 billion, a rise of 11 per cent over the preceding year (see tables 6 and 9). This represented a moderation of the extraordinary burst of export growth seen during 1994 and 1995. Owing to the size of its economy, Mexico once again shaped the overall figures for the region; in fact, of the $24.6 billion increase in the region's exports, Mexico accounted for $16 billion. Mexican exports grew at a vigorous rate of nearly 20 per cent in 1996, although this did not match the 31 per cent achieved in 1995. The overall growth rate reflected the expansion of manufacturing exports, including those of maquila industries. However, there was also a substantial rise in earnings from oil exports (35 per cent), thanks to increased prices and volumes. The deceleration was regionwide - with only Venezuela and, to a lesser extent, Bolivia and Uruguay, recording higher growth rates - and was due to a similarly generalized situation of flat or declining export prices, which contrasted with the sharp increases noted the preceding year. Only the main oil-exporting countries and Argentina were spared these negative developments.

37. The higher earnings that accrued to Venezuela and Ecuador were chiefly the result of improved hydrocarbon prices. The average export price of Venezuela's State-owned oil company, Petróleos de Venezuela, during the first 11 months of

1996 was $17.70 per barrel, some $3 above the 1995 average. The volume of shipments was also considerably greater. Ecuador's results were further improved by the rise in banana and fishmeal export prices.

38. Of the remaining countries, Bolivia, the Dominican Republic, El Salvador, Honduras, Nicaragua and Uruguay successfully offset declining or flat unit values by substantially boosting physical export volumes (by 10 per cent or more). Argentina augmented export volumes less (7 per cent) but had the advantage of appreciably higher prices.

39. Within this group, the maquila industry made a vital contribution to the expansion of export volumes from the Central American countries. This was especially so in Nicaragua, where export earnings jumped by 19 per cent. The sustained growth of maquila activities in Honduras made up for the sharp fall in coffee prices and the smaller drop in the price of shrimp. A similar situation occurred in El Salvador, where maquila shipments also expanded, as did sugar sales.

40. In Argentina and Uruguay, export earnings went up by 13 per cent and 11 per cent respectively. Both countries more than made up for the fall in meat prices by increasing their shipments, although volume expanded less in Argentina, where prices for other products were better. Argentina exported greater quantities of cereals, fruits and fishery products, certain primary manufactures and fuel. Both countries' exports benefited from sluggish domestic demand during the immediately preceding period and were able to take advantage of expanding foreign markets.

41. These factors also contributed to significant growth in the volume of Bolivia's exports, much of which was attributable to the performance of non-traditional products. The appreciable growth in the Dominican Republic's export volumes, on the other hand, was largely attributable to better weather conditions and to the United States' higher sugar import quota.

42. In another group of countries, the lacklustre growth of export volumes resulted in equally modest increases in export earnings. Brazil's export performance varied depending on the product, but exports as a whole declined during the year, in spite of governmental efforts to promote them. In Colombia there was a surge in traditional exports such as coal, hydrocarbons and coffee, but a drop was seen in non-traditional exports as the Colombian peso appreciated in real terms.

43. Costa Rica's exports were adversely affected by the fall in coffee prices, a leaner banana harvest and the contraction of the maquila industry due to the imposition by the United States of a ceiling on clothing imports. In Peru, variations between products were mainly a reflection of price differences. Strong rises in export value were recorded for fish, chemicals, iron ore, petroleum, agricultural products and non-metallic minerals.

44. Lastly, five countries recorded lower export earnings than the year before, in most cases as the result of a combination of smaller volumes and lower prices. In Haiti the fall was particularly marked (19 per cent) in view of the preceding year's remarkable upsurge (84 per cent). Chile suffered the effects

of a downturn in the high prices of its commodities - chiefly copper - which fell back to levels more compatible with long-term trends. The same kind of situation arose in Guatemala in relation to coffee, and in Panama, where domestic and external factors had an adverse effect on the production of exportables, which performed badly. In Paraguay, however, the fall in earnings was due chiefly to a decline in production for export, particularly of cotton.

45. In view of these price trends in Latin America's exports (which were heavily influenced by commodity prices), together with the higher level of oil prices it is not surprising that the real terms of trade (the ratio between export prices and import prices) should have suffered an overall deterioration in Latin America in 1996 (see table 8). The only countries where the terms of trade improved appreciably were the oil-exporting countries - Ecuador and Venezuela - and Argentina.

46. The region's merchandise imports in 1996 approached $245.5 billion and increased almost as much as exports did (nearly 11 per cent). This outcome, which was only just below the preceding year's figure, signals a consolidation of the region's return to more sustainable levels after the upsurge of 1994 (19 per cent). Particularly marked upturns were registered in Argentina and Mexico, the two countries most affected by the adjustment in 1995, while the extraordinary import boom in Brazil came to an end (see tables 7 and 9).

47. With unit values showing little change, in general, the variations in import value were basically determined by trends in import volumes, which were related in their turn to movements in GDP. Generally speaking, imports expanded faster in countries that were experiencing a reactivation of their economies. However, since economic activity slackened in most of the countries, in many cases imports stagnated, fell or rose much more slowly.

48. In 1996, out of all the Latin American regional groupings for which data are available, only in MERCOSUR did trade among member countries expand faster than trade with the world as a whole. This confirms that the relatively more rapid growth observed in intrazonal trade in Latin America is a subregional rather than a regional phenomenon. As a proportion of trade of the Latin American Integration Association (LAIA) with the entire world, a ratio which in recent years had held steady with only minor variations, intra-LAIA trade dropped by nearly 1 percentage point in 1996, to 16 per cent.

49. The region's trade deficit narrowed by some $800 million to stand at $8 billion. This performance was largely a result of favourable trends in the oil market, however, since Venezuela alone recorded an increase of nearly $5 billion in its trade surplus. In fact, the trade balance actually worsened in a majority of the countries, with the only exceptions being countries where economic activity slowed (i.e., Colombia, Ecuador, El Salvador, Panama, Paraguay and Peru, as well as Venezuela).

50. The most significant changes in quantitative terms, other than in Venezuela, occurred in Brazil, whose trade deficit widened; Argentina, whose former hefty deficit reappeared; and Ecuador, where the trade surplus grew considerably.

B. The current account and external financing

51. The deficit on current account in Latin America and the Caribbean grew relatively little, widening from $32 billion in 1995 to just $32.5 billion in 1996. Thus it was still much smaller than the large deficit recorded in 1994, which had approached $50 billion (see table 9). The 1996 financial gap equalled a mere 2 per cent of GDP, and this was easily financed, since the region's reserve assets swelled by $18.5 billion.

52. In 1996 the region consolidated its progress towards full participation in international financial markets, a process that had resumed midway through 1995 after being seriously disrupted in the early months of that year by the Mexican financial crisis and its aftershocks in Argentina. Changing trends in the composition of capital flows, which were first observed in 1995, also gathered considerable momentum in 1996. These changes occurred in a highly favourable international climate of stable interest rates in the United States and low interest rates in Germany and, especially, Japan, following the timely provision, in 1995, of large amounts of international financial assistance, particularly to Mexico and Argentina. Thus, in 1996 long-term capital accounted for a substantial proportion of current-account financing.

53. Foreign direct investment, which in 1995 amounted to $22 billion, continued its burgeoning growth in 1996, with a record high of $30.8 billion. Flows of this type of capital were once again very significant in Argentina, Bolivia, Brazil, Chile, Colombia, Mexico and Peru and, in fact, reached unprecedented levels in Bolivia, Brazil, Chile, Colombia, the Dominican Republic and Peru in 1996. Positive trends also continued in other countries of the region. By contrast, direct investment in Mexico remained more or less unchanged from the preceding year's level ($7 billion) as a consequence of the 1995 financial crisis. Direct investment in Mexico in 1994 was a record $11 billion.

54. Bond issues also continued on the upward trend begun in mid-1995. In the first 10 months of 1996 they totalled $41 billion, a record high, and accounted for nearly half of all developing-country bond placements. These flows were directed primarily towards three countries (Mexico, Argentina and Brazil) and, to a far lesser extent, to Chile, Colombia and Venezuela.

55. In 1996, the region's external debt amounted to $607 billion, with a rate of increase of 3.4 per cent, the lowest since 1991 (see table 10). One of the reasons for this slowdown in the rate of increase was the depreciation of European currencies and the yen vis-à-vis the dollar in 1996, which was reflected in a reduction in the external debt denominated in those currencies. Another factor was a decrease in the nominal debt in several countries, particularly Nicaragua and Venezuela.

56. In an extension of the trend begun in 1987, the region's external debt indicators continued to improve, returning to levels similar to those registered before the debt crisis of the 1980s. Total interest payments, measured as a percentage of exports of goods and services, declined to 14.5 per cent. The reason for this development was that interest payments rose more slowly than exports did. Increases in interest payments were seen primarily in countries whose external debt expanded in 1995.

57. During 1996, important advances were made in the renegotiation of the external debt in a number of heavily indebted Latin American countries. Peru made substantial progress towards normalizing its situation after having declared an external debt moratorium in 1983 by concluding debt rescheduling agreements with the Paris Club, commercial banks and the Russian Federation. The Government of Peru concluded in 1996 a final agreement for the restructuring of its commercial debt under the Brady Plan.

58. In 1996, Nicaragua made major strides towards restructuring its external debt. In December 1995, Nicaragua had bought back 81 per cent of its debt with the commercial banks at 8 per cent of its face value. In 1996, it reached an agreement for the renegotiation of its debt with the Russian Federation. The country was also successful in obtaining the forgiveness of its debts with the Government of Mexico and the Government of Germany. As a result, Nicaragua reduced its external debt by over $4 billion in 1996. Honduras and Guyana also signed agreements to restructure their bilateral debt with the member countries of the Paris Club. During 1996 the region also saw the rescheduling of Panama's debt arrears with commercial banks. Meanwhile, the Government of Cuba maintained informal contacts with its overseas creditors, including the Governments of Spain, France and Japan. Late in the year, Ecuador announced that it would begin talks with the Paris Club to reschedule its bilateral debt as well.

Table 1. Latin America and the Caribbean: main economic indicators

	1993	1994	1995	1996[a]
	Annual rate of change			
Economic activity and prices				
Gross domestic product	3.8	5.3	0.3	3.4
Per capita gross domestic product	2.0	3.5	-1.3	1.7
Consumer prices	887.4	337.4	25.6	19.3
Terms of trade	-1.6	2.0	3.0	0
	Billions of dollars			
External sector				
Exports of goods	157.7	183.7	223.4	248.1
Imports of goods	166.1	197.6	222.0	245.5
Trade balance (goods)	-8.4	-13.9	1.4	2.5
Balance on current account	-43.9	-48.6	-31.9	-32.5
Balance on capital and financial account	56.9	38.5	26.4	49.8
Balance of payments	13.0	-10.1	-5.6	17.3
Total disbursed external debt	513.1	545.4	598.5	607.2

Source: ECLAC, on the basis of information provided by official institutions in the countries.

[a] Preliminary figures.

Table 2. Latin America and the Caribbean: total gross domestic product

(Percentages based on values at 1990 prices)

	Annual growth rate							Average annual rate	
	1990	1991	1992	1993	1994	1995	1996[a]	1981-1990	1991-1996
Region[b]	-0.3	3.4	2.7	3.8	5.3	0.3	3.4	1.1	3.1
Argentina	-0.1	9.5	8.4	5.3	6.7	-4.6	3.5	-0.3	4.7
Bolivia	4.6	5.3	1.6	4.2	4.8	3.7	4.0	0.2	4.0
Brazil	-4.7	0.1	-1.1	4.4	5.7	3.9	3.0	1.3	2.7
Chile	3.3	7.1	10.5	6.0	4.1	8.2	6.5	3.0	7.0
Colombia	3.8	1.6	4.0	5.1	6.3	5.7	3.5	3.7	4.4
Costa Rica	3.5	2.1	7.3	6.0	4.4	2.3	0.5	2.2	3.7
Cuba	-3.2	-10.9	-11.2	-14.7	0.6	2.4	7.0	3.7	-4.8
Dominican Republic	-4.9	0.8	6.7	2.2	4.3	4.7	7.5	2.4	4.3
Ecuador	0.3	5.3	3.7	2.5	4.7	2.7	2.0	1.4	3.4
El Salvador	4.8	3.6	7.5	7.4	6.0	6.1	3.5	-0.4	5.6
Guatemala	3.0	3.7	4.9	4.0	4.1	5.0	3.0	0.9	4.1
Haiti	-0.1	4.9	-13.2	-2.5	-8.4	4.4	2.0	-0.5	-2.4
Honduras	-0.8	2.0	6.3	7.0	-1.3	3.2	3.5	2.4	3.4
Mexico	5.2	4.3	3.7	1.9	4.6	-6.6	4.5	1.9	2.0
Nicaragua	0.0	-0.3	0.9	-0.4	4.0	4.7	5.5	1.5	2.4
Panama	8.0	8.1	7.5	3.8	3.8	1.9	2.0	1.6	4.5
Paraguay	3.0	2.4	1.6	4.1	2.9	4.5	2.0	3.0	2.9
Peru	-5.4	2.8	-0.9	5.8	13.9	7.7	2.0	-1.2	5.1
Uruguay	0.6	3.2	7.8	3.3	6.9	-2.8	5.0	0.0	3.8
Venezuela	7.0	9.7	6.1	0.7	-2.5	2.3	-1.5	-0.7	2.4
Caribbean, subtotal	2.2	1.8	0.7	0.2	2.6	2.1	2.5	0.1	1.5
Antigua and Barbuda	3.5	4.3	1.7	3.4	5.5	-3.8	-6.0	6.4	0.9
Barbados	-3.0	-3.5	-5.6	0.9	3.4	2.6	5.5	1.1	0.6
Belize	10.3	3.1	9.5	4.3	1.5	3.8	3.5	4.5	4.3
Dominica	6.3	2.2	2.7	1.9	2.1	1.8	..	4.4	2.1[c]
Grenada	5.2	3.6	1.1	-1.3	2.3	2.3	3.0	4.9	1.8
Guyana	-5.0	7.9	11.2	8.6	9.4	5.1	6.5	-2.9	8.1
Jamaica	5.4	0.7	1.6	1.5	0.7	0.8	0.0	2.2	0.9
Saint Kitts and Nevis	3.0	3.8	3.6	4.0	3.2	2.0	..	5.8	3.3[c]

	Annual growth rate							Average annual rate	
	1990	1991	1992	1993	1994	1995	1996[a]	1981-1990	1991-1996
Saint Vincent and the Grenadines	7.0	3.1	6.5	1.3	0.4	3.0	3.5	6.5	3.0
Saint Lucia	4.4	2.3	7.1	2.3	2.8	3.8	7.0	6.8	4.2
Suriname	0.1	3.5	5.8	-4.5	-0.8	..	..	0.5	0.9[d]
Trinidad and Tobago	1.4	3.3	-1.4	-1.3	3.9	2.8	3.0	-2.6	1.7

Source: ECLAC, on the basis of official figures, converted into dollars at constant 1990 prices.

Note: Totals and subtotals do not include those countries for which no information is given.

[a] Preliminary estimate.

[b] The figures for the region exclude Cuba.

[c] 1991-1995.

[d] 1991-1994.

Table 3. Latin America and the Caribbean: per capita gross domestic product

(Percentages based on values at 1990 prices)

	Annual growth rate							Average annual rate	
	1990	1991	1992	1993	1994	1995	1996[a]	1981-1990	1991-1996
Region[b]	-2.1	1.5	0.9	2.0	3.5	-1.3	1.7	-0.9	1.1
Argentina	-1.5	8.0	6.9	3.9	5.3	-5.9	2.2	-1.8	3.3
Bolivia	2.3	2.8	-0.8	1.7	2.2	1.3	1.8	-1.9	1.5
Brazil	-6.3	-1.5	-2.6	3.0	4.2	2.5	1.8	-0.7	1.2
Chile	1.6	5.4	8.7	4.2	2.5	6.5	5.2	1.3	5.3
Colombia	1.8	-0.4	2.0	3.1	4.3	3.9	1.7	1.6	2.4
Costa Rica	0.8	-0.4	4.7	3.5	1.9	0.0	-1.7	0.6	1.3
Cuba	-4.0	-11.6	-11.8	-15.2	0.0	1.8	6.5	2.8	-7.6
Ecuador	-2.0	2.9	1.3	0.3	2.5	0.5	-0.3	-1.1	1.2
El Salvador	2.9	1.4	5.0	4.7	3.4	3.6	1.1	-1.4	3.2
Dominican Republic	-6.9	-1.2	4.6	0.3	2.3	2.9	5.4	0.2	2.4
Guatemala	0.1	0.8	1.9	1.1	1.2	2.0	0.2	-2.0	1.2
Haiti	-2.2	2.8	-14.9	-4.4	-10.2	2.3	-0.1	-2.4	-4.3
Honduras	-3.7	-1.0	3.2	3.9	-4.1	0.3	0.4	-0.8	0.4
Mexico	3.3	2.3	1.8	0.0	2.8	-8.2	2.7	-0.2	0.2
Nicaragua	-2.4	-3.0	-2.0	-3.3	1.0	1.7	2.7	-3.9	-0.5
Panama	5.9	6.0	5.5	1.9	1.9	0.1	0.3	-0.5	2.6
Paraguay	0.0	-0.5	-1.1	1.3	0.2	1.8	-0.7	0.0	0.2
Peru	-7.1	0.9	-2.6	4.0	12.0	5.9	0.2	-3.3	3.3
Uruguay	0.1	2.6	7.2	2.7	6.3	-3.3	4.2	-0.6	3.2
Venezuela	4.4	7.1	3.6	-1.6	-4.6	0.1	-3.6	-3.2	0.1
Caribbean, subtotal	1.4	1.0	-0.2	-0.7	1.7	1.2	1.5	-0.9	0.5
Antigua and Barbuda	2.8	3.0	0.4	2.1	4.2	-5.0	-6.6	5.9	-0.4
Barbados	-3.3	-3.9	-6.0	0.5	3.0	2.2	5.1	0.7	0.1
Belize	7.4	0.5	6.7	1.7	-1.1	1.1	0.8	1.9	1.6
Dominica	6.6	2.2	2.7	1.9	2.1	1.8	..	4.8	2.1[c]
Grenada	5.0	3.4	0.9	-1.5	2.1	2.1	2.6	4.7	1.6
Guyana	-5.2	7.2	10.2	7.4	8.4	3.8	5.4	-3.4	7.0
Jamaica	4.9	0.0	1.0	0.8	0.1	0.2	-0.7	1.1	0.2
Saint Kitts and Nevis	3.5	4.3	4.1	4.5	3.7	2.5	..	7.0	3.8[c]
Saint Vincent and the Grenadines	6.0	2.2	5.6	0.4	-0.5	2.1	2.7	5.5	2.0

/...

	Annual growth rate							Average annual rate	
	1990	1991	1992	1993	1994	1995	1996[a]	1981-1990	1991-1996
Saint Lucia	3.0	1.0	5.7	0.9	1.5	2.4	5.6	5.3	2.8
Suriname	-1.1	2.3	4.6	-5.6	-1.9	..	..	-0.7	-0.2[e]
Trinidad and Tobago	0.1	2.1	-2.5	-2.4	2.7	1.7	2.0	-3.9	0.6

Source: ECLAC on the basis of official figures, converted into dollars at constant 1990 prices.

Note: Totals and subtotals do not include those countries for which no information is given.

[a] Preliminary estimates.

[b] The figures for the region include Cuba.

[c] 1991-1995.

[d] 1991-1994.

Table 4. Latin America and the Caribbean: consumer price indexes
(December-December variations)

Country	Average annual rate		Annual growth rate						
	1980-1984	1985-1989	1990	1991	1992	1993	1994	1995	1996[a]
Region	84.4	229.8	1 191.0	199.7	418.0	887.4	336.8	25.5	19.3
Argentina	222.8	444.4	1 343.9	84.0	17.5	7.4	3.9	1.6	0.4[b]
Barbados	10.5	3.9	3.4	8.1	3.4	-1.0	0.5	3.4	2.7[c]
Bolivia	195.6	268.8	18.0	14.5	10.5	9.3	8.5	12.6	9.7[b]
Brazil	121.8	383.3	1 584.6	475.8	1 149.1	2 489.1	929.3	22.0	10.6[b]
Chile	22.1	20.2	27.3	18.7	12.7	12.2	8.9	8.2	6.6[b]
Colombia	22.8	24.0	32.4	26.8	25.1	22.6	22.6	19.5	21.9[b]
Costa Rica	35.5	16.2	27.3	25.3	17.0	9.0	19.9	22.6	14.0[b]
Dominican Republic	12.5	29.2	79.9	7.9	5.2	2.8	14.3	9.2	3.8[a]
Ecuador	24.4	41.5	49.5	49.0	60.2	31.0	25.4	22.8	26.2[b]
El Salvador	13.7	23.2	19.3	9.8	20.0	12.1	8.9	11.4	7.2[b]
Guatemala	5.7	17.0	59.6	10.2	14.2	11.6	11.6	8.6	10.4[b]
Guyana	19.4	18.4	...	...	2.6	...	16.1	8.1	6.7[b]
Haiti	10.5	2.5	26.1	6.6	18.0	39.3	14.4	7.3	16.1[d]
Honduras	9.8	4.9	36.4	21.4	6.5	13.0	28.9	26.8	26.0[b]
Jamaica	16.9	13.9	29.7	80.2	40.2	30.1	26.9	25.5	22.7[e]
Mexico	53.7	77.3	29.9	18.9	11.9	8.0	7.1	52.1	27.8[b]
Nicaragua	30.1	1 674.4	13 490.2	775.4	3.5	19.5	12.5	11.1	9.2[b]
Panama	5.7	0.4	0.8	1.1	1.6	0.9	1.4	0.8	1.0[d]
Paraguay	15.3	25.5	44.1	11.8	17.8	20.4	18.3	10.5	8.8[b]
Peru	82.7	371.8	7 649.6	139.2	56.7	39.5	15.4	10.2	11.9[b]
Trinidad and Tobago	14.7	9.0	9.5	2.3	8.5	13.4	5.5	3.8	3.1[f]
Uruguay	43.3	70.8	129.0	81.3	59.0	52.9	44.1	35.4	25.5[b]
Venezuela	13.0	30.6	36.5	31.0	31.9	45.9	70.8	56.6	109.2[b]

Source: ECLAC, on the basis of information provided by official institutions in the countries.

[a] Figures correspond to the variation in prices during the 12-month period ending in the month indicated.

[b] November 1995-November 1996.

[c] June 1995-June 1996.

[d] September 1995-September 1996.

[e] October 1995-October 1996.

[f] August 1995-August 1996.

Table 5. Latin America and the Caribbean: indexes of the real effective exchange rate for exports[a]

	1980	1985	1990	1991	1992	1993	1994	1995	1996[b]
				Based on consumer price indexes					
Argentina	58.7	94.7	100.0	83.3	77.5	74.0	78.4	87.0	89.0
Bolivia	72.8	50.4	100.0	108.3	116.3	117.6	125.1	126.5	120.5
Brazil	141.7	149.9	100.0	119.7	128.4	113.5	92.6	70.5	65.0
Chile	50.5	71.2	100.0	98.9	95.3	97.5	96.5	92.4	88.1
Colombia	52.2	59.6	100.0	101.0	90.0	85.6	74.8	74.5	71.6
Costa Rica	64.7	90.0	100.0	108.3	103.0	100.4	101.0	98.8	98.9
Dominican Republic	86.0	112.5	100.0	100.6	101.3	96.0	95.4	93.3	90.0
Ecuador	48.4	62.3	100.0	95.2	94.7	83.5	78.2	78.5	80.0
El Salvador	139.0	75.9	100.0	98.4	98.2	88.0	83.9	80.9	75.6
Guatemala	57.0	47.2	100.0	87.9	87.0	88.9	85.1	82.6	82.5
Haiti	82.4	64.6	100.0	94.0	95.2	112.0	91.5	80.4	74.6
Honduras	66.4	53.4	100.0	107.9	102.4	112.5	125.3	112.3	114.7
Mexico	76.2	95.3	100.0	91.1	84.1	79.7	81.9	121.1	109.4
Nicaragua	243.4	70.1	100.0	104.6	105.2	108.3	113.3	118.8	117.1
Paraguay	50.4	80.8	100.0	86.9	90.6	93.9	97.4	106.8	104.3
Peru	220.2	232.6	100.0	82.1	80.9	89.1	84.6	85.6	82.4
Uruguay	59.5	78.0	100.0	88.1	84.1	76.8	76.6	79.4	80.4
Venezuela	45.9	52.2	100.0	93.9	88.5	88.9	92.5	70.6	90.0
				Based on wholesale price indexes					
Argentina	60.4	76.2	100.0	104.8	113.5	114.9	124.3	122.6	118.9
Brazil	158.4	134.0	100.0	123.6	130.0	117.7	99.8	98.6	100.7
Chile	56.0	71.1	100.0	95.3	90.8	93.2	94.0	88.0	83.8
Colombia	61.5	64.4	100.0	99.9	92.4	93.0	85.0	87.4	87.1
Mexico	83.2	95.9	100.0	89.6	82.3	76.7	79.1	113.7	100.7
Venezuela	60.9	59.1	100.0	98.0	95.2	94.3	89.8	69.8	83.9

Source: ECLAC, on the basis of figures supplied by the International Monetary Fund (IMF).

[a] The average of the indexes for the real (main official) exchange rate for the currency of each country against the currencies of its main trading partners, weighted by the relative magnitude of exports to those countries.

[b] Preliminary estimate.

Table 6. Latin America and the Caribbean: exports of goods, fob

(1990 = 100; annual growth rates)

	Value				Unit value				Volume			
	Index	Rate			Index	Rate			Index	Rate		
	1996	1994	1995	1996	1996	1994	1995	1996	1996	1994	1995	1996
Region	182	16.3	21.3	11.0	113	6.6	9.8	1.0	161	9.1	10.7	9.9
Argentina	193	20.8	32.3	13.5	130	1.9	10.1	6.0	148	18.5	20.3	7.1
Bolivia	133	38.8	5.7	6.1	91	15.6	0.5	-3.5	147	20.1	5.2	9.9
Brazil	153	11.3	5.5	3.2	104	6.5	7.9	1.0	148	4.5	-2.3	2.2
Chile	183	26.1	38.2	-6.5	106	12.6	23.9	-13.5	173	12.0	11.5	10.5
Colombia	152	17.8	18.5	3.4	110	15.1	16.0	-2.0	138	2.4	2.2	5.5
Costa Rica	198	12.6	24.0	3.0	133	8.0	14.0	-1.0	149	4.3	8.7	4.1
Dominican Republic	115	26.0	19.1	10.2	111	8.0	14.5	-1.5	104	16.6	4.0	11.8
Ecuador	178	25.5	13.5	10.5	111	13.5	5.9	6.0	159	10.6	7.1	4.2
El Salvador	271	71.2	32.6	5.1	122	29.7	15.1	-5.0	223	32.0	15.3	10.6
Guatemala	165	13.7	39.0	-7.2	124	8.0	16.5	-5.5	133	5.3	19.4	-1.8
Haiti	32	-30.1	84.2	-19.0	78	6.0	10.0	-3.5	41	-34.1	67.4	-16.1
Honduras	152	7.6	41.4	4.8	121	21.6	10.1	-8.5	126	-11.5	28.4	14.5
Mexico	235	17.3	30.6	20.0	126	4.9	5.0	0.5	187	11.8	24.4	19.4
Nicaragua	190	31.5	50.6	19.1	109	18.1	17.0	-6.0	174	11.4	28.7	26.7
Panama	172	10.8	0.9	-4.6	103	1.1	2.1	-6.0	168	9.6	-1.1	1.5
Paraguay	192	24.3	28.1	-6.5	107	8.3	7.0	0.0	180	14.8	19.7	-6.5
Peru	177	29.8	21.9	5.6	113	10.1	12.7	0.5	157	17.9	8.2	5.1
Uruguay	138	10.5	10.1	11.1	115	7.4	10.8	-3.0	120	2.9	-0.7	14.5
Venezuela	129	9.0	17.1	20.9	89	1.5	10.5	11.0	146	7.3	6.0	8.9

Source: ECLAC, on the basis of figures provided by IMF and national agencies.

Table 7. Latin America and the Caribbean: imports of goods, fob

(1990 = 100; annual growth rates)

	Value				Unit value				Volume			
	Index	Rate			Index	Rate			Index	Rate		
	1996	1994	1995	1996	1996	1994	1995	1996	1996	1994	1995	1996
Region	233	18.9	12.3	10.6	110	3.6	7.1	1.0	212	14.8	4.9	9.5
Argentina	600	29.2	-6.7	19.5	113	3.0	8.9	1.0	530	25.4	-14.4	18.3
Bolivia	194	-0.4	14.1	23.9	101	-1.1	0.8	-0.5	192	0.7	13.2	24.5
Brazil	254	31.4	49.4	5.7	101	3.3	13.7	1.0	251	27.2	31.4	4.7
Chile	232	6.9	34.7	11.2	107	3.5	9.4	1.0	217	3.2	23.1	10.1
Colombia	255	21.5	17.0	1.0	88	0.5	9.6	0.0	289	20.9	6.8	1.0
Costa Rica	166	6.2	5.9	1.3	117	3.7	9.0	-0.5	142	2.4	-2.9	1.8
Dominican Republic	178	7.4	22.4	14.3	96	2.5	3.0	0.5	185	4.8	18.8	13.8
Ecuador	208	32.7	24.8	-13.3	122	6.0	9.0	0.0	170	25.1	14.5	-13.3
El Salvador	238	36.3	31.5	-1.7	110	17.2	8.1	-2.0	216	16.3	21.6	0.3
Guatemala	213	6.8	19.1	0.1	113	-1.1	7.6	-0.5	188	8.0	10.7	0.6
Haiti	112	-47.1	268.8	-4.8	96	2.9	6.5	2.0	116	-48.5	246.2	-6.7
Honduras	189	12.3	48.2	8.8	110	8.8	15.3	0.0	172	3.2	28.6	8.8
Mexico	213	21.4	-8.7	22.4	120	5.0	6.0	0.5	178	15.7	-13.8	21.8
Nicaragua	176	19.0	8.6	18.0	117	2.1	7.1	0.0	151	16.6	1.4	18.0
Panama	188	9.7	6.8	-1.8	119	3.4	5.6	0.0	159	6.0	1.1	-1.8
Paraguay	236	30.8	27.4	-14.4	106	-0.4	6.0	-0.5	223	31.3	20.2	-14.0
Peru	266	34.5	38.6	1.4	117	8.1	8.7	1.5	228	24.5	27.5	-5.1
Uruguay	240	22.7	3.2	13.3	113	1.0	9.0	0.5	212	21.5	-5.3	12.8
Venezuela	153	-26.1	36.2	-8.5	105	0.5	9.0	-0.5	146	-26.5	24.9	-8.0

Source: ECLAC, on the basis of figures provided by IMF and national agencies.

Table 8. Latin America and the Caribbean: terms of trade (goods)

(1990 = 100; average annual rates)

	Index									Average annual rate	
	1980	1985	1990	1991	1992	1993	1994	1995	1996	1981-1990	1991-1996
Region	139	105	100	99	99	98	100	103	103	-3.2	0.5
Argentina	154	123	100	102	109	109	108	109	115	-4.2	2.3
Bolivia	134	144	100	98	81	79	93	93	90	-2.9	-1.8
Brazil	120	101	100	105	104	105	108	102	102	-1.8	0.4
Chile	124	91	100	102	101	94	103	116	100	-2.1	-0.1
Colombia	116	101	100	107	109	105	120	127	125	-1.5	3.7
Costa Rica	104	108	100	104	106	105	109	114	114	-0.4	2.1
Dominican Republic	183	151	100	109	102	100	106	118	115	-5.9	2.4
Ecuador	166	142	100	90	88	83	88	86	91	-4.9	-1.6
El Salvador	108	83	100	99	99	97	107	114	111	-0.8	1.7
Guatemala	113	93	100	104	104	98	107	116	110	-1.2	1.6
Haiti	170	154	100	84	80	81	83	86	81	-5.2	-3.4
Honduras	107	87	100	105	99	113	126	121	110	-0.7	1.7
Mexico	150	94	100	101	106	106	106	105	105	-4.0	0.8
Nicaragua	145	112	100	93	68	79	91	99	93	-3.7	-1.1
Panama	107	88	100	98	98	98	95	92	87	-0.7	-2.4
Paraguay	91	82	100	100	99	91	99	100	101	0.9	0.1
Peru	139	95	100	96	95	92	94	97	96	-3.2	-0.6
Uruguay	84	84	100	100	103	98	104	106	102	1.8	0.3
Venezuela	165	139	100	83	79	74	75	76	85	-4.9	-2.7

Source: ECLAC, on the basis of figures provided by national agencies.

Table 9. Latin America and the Caribbean: balance of payments

(Millions of dollars)

	Export (goods)[a]			Imports (goods)[a]			Balance on goods			Balance on services			Balance on goods and services		
	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]
Region	183 715	223 411	248 055	197 583	221 971	245 545	-13 868	1 440	2 510	-11 748	-10 235	-10 510	-25 616	-8 795	-8 000
Argentina	15 840	20 964	23 800	20 076	18 727	22 370	-4 236	2 237	1 430	-2 856	-2 158	-2 530	-7 092	79	-1 100
Bolivia	985	1 042	1 105	1 064	1 215	1 505	-79	-173	-400	-112	-126	-210	-191	-299	-610
Brazil	44 102	46 506	48 000	33 241	49 663	52 500	10 861	-3 157	-4 500	-5 346	-7 495	-8 000	5 515	-10 652	-12 500
Chile	11 604	16 039	15 325	10 879	14 655	16 290	725	1 384	-965	22	-149	-130	747	1 235	-1 095
Colombia	8 754	10 373	10 725	11 040	12 921	13 045	-2 286	-2 548	-2 320	287	90	290	-1 999	-2 458	-2 030
Costa Rica	2 102	2 606	2 685	2 788	2 952	2 990	-686	-346	-305	288	225	155	-398	-121	-150
Dominican Republic	644	767	845	2 276	2 786	3 185	-1 632	-2 019	-2 340	1 299	1 848	1 865	-333	-171	-475
Ecuador	3 844	4 362	4 820	3 282	4 095	3 550	562	267	1 270	-177	-129	-50	385	138	1 220
El Salvador	1 252	1 661	1 745	2 407	3 165	3 110	-1 155	-1 504	-1 365	-57	-65	-65	-1 212	-1 569	-1 430
Guatemala	1 550	2 155	2 000	2 547	3 033	3 035	-997	-878	-1 035	46	-29	100	-951	-907	-935
Guyana	463	496	560	504	537	580	-41	-41	-20	-9	-7	-10	-50	-48	-30
Haiti	57	105	85	141	520	495	-84	-415	-410	-57	-133	-170	-141	-548	-580
Honduras	918	1 298	1 360	1 060	1 571	1 710	-142	-273	-350	-12	-97	-95	-154	-370	-445
Mexico	60 882	79 542	95 450	79 346	72 453	88 685	-18 464	7 089	6 765	-2 604	871	880	-21 068	7 960	7 645
Nicaragua	351	529	630	784	852	1 005	-433	-323	-375	-71	-99	-100	-504	-422	-475
Panama	6 015	6 070	5 790	6 458	6 897	6 770	-443	-827	-980	165	467	695	-278	-360	-285
Paraguay	2 218	2 840	2 655	3 545	4 517	3 865	-1 327	-1 677	-1 210	553	567	630	-774	-1 110	-580
Peru	4 574	5 576	5 890	5 545	7 687	7 795	-971	-2 111	-1 905	-480	-781	-560	-1 451	-2 892	-2 465
Uruguay	1 913	2 106	2 340	2 600	2 682	3 040	-687	-576	-700	450	358	290	-237	-218	-410
Venezuela	16 110	18 870	22 805	8 504	11 580	10 600	7 606	7 290	12 205	-3 086	-3 400	-3 505	4 520	3 890	8 700

Table 9 (continued)

	Current transfers			Balance on income account			Balance on current account			Capital and financial account			Global balance		
	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]	1994	1995	1996[b]
Region	12 053	14 266	14 290	-35 076	-37 389	-38 615	-48 639	-31 918	-32 525	38 532	26 350	49 775	-10 107	-5 568	17 250
Argentina	319	432	400	-2 590	-2 901	-3 500	-9 363	-2 390	-6 200	8 688	180	5 850	-675	-2 210	1 650
Bolivia	267	234	250	-202	-217	-205	-126	-302	-565	76	258	815	-50	-44	250
Brazil	2 423	3 621	3 000	-9 091	-11 105	-10 800	-1 153	-18 136	-20 300	7 696	31 109	26 300	6 543	12 973	6 000
Chile	358	355	410	-1 744	-1 430	-1 710	-639	160	-2 395	3 855	921	3 700	3 216	1 081	1 305
Colombia	862	679	460	-2 062	-2 338	-3 090	-3 219	-4 117	-4 660	3 394	4 479	4 910	175	362	250
Costa Rica	142	134	180	-207	-196	-155	-463	-183	-125	376	412	35	-87	229	-90
Dominican Republic	493	1 001	1 145	-319	-497	-525	-159	333	145	-228	-196	-85	-387	137	60
Ecuador	145	231	248	-1 210	-1 191	-1 365	-680	-822	200	-81	320	-570	-761	-502	-370
El Salvador	1 289	1 369	1 370	-95	-96	-125	-18	-276	-185	131	423	285	113	147	100
Guatemala	449	493	625	-136	-159	-170	-636	-573	-480	595	420	600	-41	-153	120
Guyana	12	39	40	-83	-86	-85	-101	-95	-75	37	6	-5	-64	-89	-80
Haiti	156	505	280	-11	-24	-10	4	-67	-310	-25	260	250	-21	193	-60
Honduras	81	347	275	-255	-73	5	-328	-196	-165	307	70	75	-21	-126	-90
Mexico	4 011	3 965	4 465	-12 362	-12 579	-13 110	-29 619	-654	-1 000	11 753	-14 652	1 700	-17 666	-15 306	700
Nicaragua	241	75	95	-468	-359	-300	-728	-706	-680	-55	-496	190	-783	-1 202	-490
Panama	221	227	220	-461	-454	-450	-518	-587	-515	116	681	665	-402	94	150
Paraguay	12	44	40	-12	6	0	-756	-1 060	-540	1 084	1 087	645	330	27	-95
Peru	606	491	550	-1 695	-1 837	-1 555	-2 540	-4 238	-3 470	4 044	3 776	5 110	1 504	-462	1 640
Uruguay	41	32	45	-343	-173	-170	-439	-359	-535	677	568	710	238	209	175
Venezuela	-83	111	235	-1 896	-1 746	-1 680	2 541	2 255	7 255	-3 871	-3 270	-1 210	-1 330	-1 015	6 045

Source: ECLAC, on the basis of information provided by IMF and national agencies.

[a] Including the maquila sector.

[b] Preliminary ECLAC estimates.

[c] Excluding Guyana.

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Table 10. Latin America and the Caribbean: total disbursed external debt[a]

(Millions of dollars and annual growth rates; year-end balances)

	1980	1985	1990	1991	1992	1993	1994	1995	1996[b]
Region	220 444	379 244	443 049	446 523	462 653	513 063	545 389	598 483	607 230
Argentina	27 162	49 326	62 233	58 413	59 123	67 802	79 345	89 679	96 000
Bolivia	2 340	3 294	3 768	3 582	3 784	3 777	4 216	4 523	4 740
Brazil	64 000	105 126	123 439	123 910	135 949	145 726	148 295	159 200	175 000
Chile	11 207	20 043	18 576	17 319	18 964	19 665	21 768	21 736	21 545
Colombia	6 805	14 063	17 848	17 312	16 862	18 370	21 280	23 431	26 150
Costa Rica	2 209	4 140	3 924	3 992	3 992	3 827	3 818	3 794	3 700
Cuba	..	..	..	..	..	8 795	9 083	9 162	..
Dominican Republic	2 173	3 720	4 499	4 614	4 413	4 559	3 924	4 001	3 950
Ecuador	4 167	8 111	12 222	12 802	12 795	13 631	14 589	13 934	14 700
El Salvador	1 176	1 805	2 076	2 102	2 338	1 988	2 069	2 243	2 485
Guatemala	1 053	2 536	2 487	2 403	2 252	2 086	2 160	2 107	2 050
Guyana	449	1 308	1 812	1 873	2 054	2 062	2 000	2 058	..
Haiti	290	600	841	809	873	866	875	901	915
Honduras	1 388	3 034	3 588	3 441	3 539	3 904	4 152	4 372	4 300
Jamaica	1 734	3 355	4 152	3 874	3 678	3 687	3 652	3 452	3 855
Mexico	50 700	97 800	101 900	114 900	114 000	127 500	136 500	161 000	160 000
Nicaragua	1 825	4 936	10 616	10 312	10 806	10 987	11 624	10 242	6 100
Panama	2 271	3 642	3 795	3 699	3 548	3 494	3 663	3 710	5 000
Paraguay	861	1 772	1 670	1 637	1 249	1 218	1 240	1 328	1 310
Peru	9 595	13 721	19 996	20 787	21 409	26 370	29 282	32 061	32 300
Trinidad and Tobago	911	1 763	2 520	2 438	2 215	2 102	2 064	1 905	1 850
Uruguay	1 165	3 551	4 472	4 141	4 136	4 293	4 605	4 852	5 050
Venezuela	26 963	31 238	36 615	32 163	34 674	36 404	35 185	38 692	36 230

Source: ECLAC, on the basis of official figures.

[a] Including borrowings from IMF.

[b] Preliminary figures. Totals do not include those countries for which no information is given.